

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF:)
) C.A. No. 8601-VCZ
INDEMNITY INSURANCE CORPORATION,)
RRG, IN LIQUIDATION)

**OMNIBUS ORDER CONCERNING
THIRD REPORTED CLAIM RECOMMENDATIONS**

WHEREAS:

A. On April 10, 2014, the Delaware Chancery Court placed Indemnity Insurance Corporation RRG (“IICRRG”) into liquidation by a Liquidation and Injunction Order with Bar Date (“Liquidation Order”), pursuant to Delaware Uniform Insurers Liquidation Act (“DUILA”), 18 *Del. C.* § 5901, *et seq.*

B. The Liquidation Order appointed the Delaware Insurance Commissioner as Receiver (“Receiver”) and set a bar date of January 15, 2015, for the filing of proofs of claims against IICRRG and information for filing claims, including a Proof of Claim (“POC”) form, was sent to potential claimants of IICRRG.

C. Pursuant to 18 *Del. C.* § 5902(a) and the Plan for the Receiver’s Claim Recommendation Report and Final Determination of Claim By The Court (the “Claim Final Determination Plan”),¹ the Receiver has filed the Third Report of Claims Recommendations Pursuant to Paragraph (C) 8 and 9 of the Claim Final

¹ Docket Item (“D.I.”) 899.

Determination Plan (“Third Report”);² the Court has entered an Order to Show Cause fixing a time, date, and objection deadline to respond to the claim recommendations in the Third Report;³ the Court and Receiver have given notice to claimants whose claims are in the Third Report;⁴ and the June 23, 2023 Objection Deadline has passed with the submission of one objection via the Claimant Portal, POC # 1547 (the “Objection”).⁵

D. A telephonic hearing on the Objections was held on July 24, 2023, at 3:15 p.m. Counsel for the claimant for POC # 1547 appeared. The Court considered the Receiver’s Claim Recommendation in view of the Objection and supporting materials as submitted through the Claimant Portal under an abuse of discretion standard.⁶

E. Counsel for the claimant for POC # 1220 also appeared at the hearing to object to the Receiver’s loss amount of \$0. No objection was filed on the Claimant Portal for POC # 1220. At the hearing, counsel for the Receiver explained POC

² D.I. 963.

³ D.I. 966.

⁴ D.I. 967, 971.

⁵ Materials submitted by the claimant and Receiver via the Claimant Portal in connection with this objection are submitted under seal as an exhibit to this Order.

⁶ *Matter of Scottish Re (U.S.), Inc.*, 273 A.3d 277, 293 (Del. Ch. Mar. 31, 2022) (“Black letter authorities generally state that an abuse of discretion standard applies when a court reviews the decision of an insurance commissioner acting as a receiver for a delinquent insurer.” (collecting authorities)).

#2179 for the insured received a recommendation of \$200,000 for indemnity value, and that POC # 1220 for the injured party would receive a loss amount of \$0. Counsel for the POC #1220 claimant was satisfied with this explanation and loss amount, and withdrew the objection at the hearing.

F. The Receiver submitted to the Court for *in camera* review its notices of determination for the Third Report claims for which no objection was received (the “Unopposed Determinations”). The Court reviewed the Unopposed Determinations under an abuse of discretion standard.⁷

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Objection for POC # 1547 is DENIED. The Receiver valued the claim at \$100,000, discounting the loss amount in view of the policy exclusions for assault and battery. The claimant presses a value of \$556,903, citing a demand letter that offers little substantiation for that number; the claimant did not dispute the policy exclusions, but only that the discount went too far. I have no basis to conclude the Receiver abused its discretion.

2. The Unopposed Determinations are confirmed. The Court saw no basis to conclude the Receiver abused its discretion in making those Determinations.

3. This Order shall be sent to the claimant for POC # 1547 through the Claimant Portal, and served on counsel for the Receiver. The Receiver shall provide

⁷ See *id.*

this Order to counsel for POC # 1220. This Order will be publicly available to claimants in the Unopposed Determinations.

SO ORDERED this 25th day of July, 2023.

/s/ Morgan T. Zurn
Vice Chancellor Morgan T. Zurn